

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, JANUARY 9, 2020**

PRESENT: Kenneth Staton
Jon Blackwell
Ryan Wheeler

Lindsey Dalley
Randy Tobler

Joe Davis
Lon Dalley
Susan Rose

Jeannie Poynor
Kiley Bradshaw

Nick Shakespear
Jonathan Brown

Mica Leatham
Vic Bitter

Byron Mills

Vernon Robison - Progress

Wade Poulsen – Lincoln County Water District

ORDER OF BUSINESS: At 4:05 p.m., Chairman Ken Staton called to order the regular meeting of the Moapa Valley Water District Board of Directors. The agenda items were addressed in the following order:

1) Public Comment (May be limited to five minutes)

None

2) Approval of the Minutes of the previous meeting held December 6, 2019 (For Possible Action)

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to approve the minutes of the December 6, 2019 meeting.

3) Approval of the Proposed Modified Class and Compensation Scale with the addition of the Performance Merit Compensation Plan Requirements for Hourly Employees (For Possible Action)

Randy appreciated the employees that were able to attend the meeting. He has been over employees since he has been on the board. He's always felt like all of the directors should know what's going on with the employee negotiations. During the meetings he had with staff he was able to understand more about their jobs and was able to understand what their job is and what their day to day lives are like as best as he can as an outsider. He sees a lot of value in having the employees come to the board meeting and talk to them about negotiations. He's probably not the best person for that position because he comes from a private sector. One of the biggest reasons that he ran for office was that he is not a fan of cost of living increases. He can understand why the employees want a cost of living increase but as a private sector person coming in that always troubled him and he thinks it's a disaster. People are always complaining about the government. You get into your own little world and you might be able to make a difference and that's kind of what Randy wants to do. He always appreciated that during negotiations the employees might not have agreed with it but they respected it and always worked around it and got creative. One of the things he doesn't like about it is just because you show up for work for 10 to 15 years doesn't mean you deserve it. We've had some cases in the past where people showed up for work and they weren't the most productive but management was able to resolve it. There's a framework in place that will take care of that, we have evaluations and things like that. He appreciates the feedback. That's valuable. Randy said that through the years we've been able to come up with good things that are creative and he thinks the employees did a great job on this. He thinks the employees deserve it. There's a lot of things he's grown to understand. He thinks the employees do a great job. The field guys get called out a lot compared to other districts and that's something that he thinks he wouldn't have understood unless he was talking to them. He thinks this is more of a merit system that's based on longevity but just understand when he makes this compromise, he's not a big fan of cost of living increases. His mind set is that the district made that change a long time ago. We budget differently than other government agencies do. This is his way of meeting halfway on it because you can't make it a private business, it still has a government aspect to it. The reality of it is you're important to the district, we've invested in you and we don't want to lose you. That's the biggest determining factor to him. We have some

very talented people here and we need to make it more equitable compared to our competitors, so we don't lose them. The other point he would make is that money doesn't fix everything.

Lindsey thinks this is a chance to set a pattern that will focus staff pay in the future on performance and experience and will benefit the district and the community. As a board member you kind of want to make a difference long term. He agrees with Randy. Lindsey comes from the private sector and performance is everything. He wanted to give kudos to staff for taking that ball because it's really easy to fall back into "This is what I deserve". He thinks this is right along those lines. It sets a pattern so in the future we can attract those kind of people. He sees our current experience in two parts. One is assess that pattern for the future so we're attracting those type of individuals that are looking to not just coast because that's a drain on everybody. He also likes that it takes our current experience to keep jobs in house. That's the financial part of it. When he looks at the cost to the district, it allows us to keep jobs in house by keeping the experienced. It will more than pay for the additional cost in terms of performance pay. He wishes he could have the luxury of saying "We're all great and deserve more" but that's not the world we live in. This allows us to do both.

Ryan had a few comments. He grew up here in the valley and the last 10 years he has commuted out of the valley. So, he knows the burden that it is. His only concern is that we're taking the benefit of living in the valley for granted. That's a concern that he has. There's a recent staff member that left and maybe he's saying how great his pay is. Ryan thinks we should be patient and see what he says in three years. There's a lot that he would give up to go to elementary school events more often or have lunch with his wife 3 or 4 times a week. He'd give up \$5,000 or even \$10,000/year to do that. The younger staff member who took a \$10,000 or \$15,000 pay cut to come to work here realizes the value of working here in this valley. That person will have to wait 8 years before he can benefit from this compensation plan.

His thoughts on the proposal are that he doesn't think it's completely fair or equitable. He thinks it only benefits staff that have been here for a long period time. He thinks it should benefit everyone equally instead of only those that have been here for a long time.

There are other agencies that are sunseting longevity pay and many government agencies are requiring employees to pay a portion of their PERS.

He wants to make sure that the other directors understand that we're essentially saying that any staff member that works from year 10 to 20 will get a \$132,000 shot in the arm based over that time period based on the numbers that staff provided. What that means to the district is based on the assumption that 70% of staff will have worked for the district over 10-20 years.

Ryan does not feel comfortable supporting this and having to have to look at the faces of his neighbors, friends and constituents and tell them that everybody at the water district would get a \$132,000 shot in the arm over a 10 - year period. He supports the employees and appreciates all that they do.

Nick explained that evaluations are done every 6 month or 12 months depending where the employee is at. If the employee is not performing the way he should be, he will not get a step increase and that will hold the employee back from getting his Performance Merit Compensation Pay.

Chairman Staton said that he was in favor of this last month and he still supports it. He appreciates the way it was presented and handled and the work that went into it. A lot of thought and effort went into it.

Lindsey wanted to make sure that the difference between Longevity Pay and the Performance Merit Compensation Plan is in the minutes. The Performance Merit Compensation Pay is not just about time & equity but performance also.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 4-1 in favor to approve the proposed modified Class and Compensation Scale with the addition of the above referenced Performance Merit Compensation Plan requirements. Ryan Wheeler voted against the motion.

4) Evaluation and Possible Approval of a Pay Increase for the Assistant General Manager to \$95,000 per year (For Possible Action)

Chairman Staton explained that this is an opportunity for the board members to do a review on Lon Dalley. We meet every month for board meeting, so the directors hear his manager's report and they know what's going on most of the time. He said that there's never been a question in his mind about Lon and his performance, work ethics, his work habits, his dedication to the district and so forth. He's taken hold of this job

and he thinks Lon is a vital part of this district. He doesn't work with him every day, but he thinks he would be really good to work with. He has nothing negative to say about Lon or his performance. He knows that there has been times when hourly employees have made more than Lon and Joe because of overtime.

Randy thinks it's important to take the face away from the position. He still feels adamant that the general manager here in Moapa Valley should top out at \$99,000 and the assistant general manager would be there. He's making an exception because it's one of those gives and takes. He hasn't always given, and you guys haven't always taken. It's a two-way street. He feels like we're at the stage where their knowledge and what we're going thru as a district at this point in time has demanded a lot more of them and he's in favor of giving them that but he wants to make it clear that he doesn't think a general manager in general would have to make that much if their doing their normal business. We're facing different challenges. We had a court ruling that changed water law that Joe and Lon have been dealing with. He's in favor of it. He thinks they deserve it because they have gone beyond in his opinion.

Lindsey is kind of in Randy's boat. We just need to be careful in bumping up because if we hire a new general manager or assist general manager, he wouldn't be comfortable with those numbers. He wish there was a way (he doesn't want to get into that right now) but he would like at some time to revisit a way to add some performance based into that and longevity experience because that's what justifies it.

Jon said that when you put someone in that position, you look at what they've done in the long haul. You see what they bring to the table and what they keep at the table.

Ryan thinks from an organization standpoint, when the board approved Joe's last increase, he said no. It wasn't because he didn't approve Joe getting an increase and he still has those feelings now. He thinks if the board could cleanup a few things it would be better for us moving on in the future. Irregardless of talking about whether the general manager or the assist general manager deserve a pay raise, he does agree with that but he thinks that the board needs to be better about classifying what that pay range is. Four or five years ago the board gave them a 6% or 10% increase and now the board is giving them a 15% increase. In most government organizations a general manager has a range and maybe in this case it's \$85,000 – \$125,000 but to not be able to act within that range and then in another four years another board is going to say "I think he's earned this pay increase". Ryan thinks it not good for the organization to not have those ranges. Joe might be here another 10 years and he might want another pay raise. He would rather have a range where we can give them a certain percent pay raise now and a future increase because he does a great job. The same goes for the assistant general manager. He supports these two positions, but he doesn't support the board moving forward without having that organized. For him it's more an admin thing similar as it was last time. It's nothing against the two gentleman that serve in these two positions. The board needs to be organized and his recommendation would be to come up with that pay range so that sets it up for future general managers and if Joe's still here, it will provide him with another pay increase. The other thing is we need to talk about at some point, when we're not here and these positions need to be filled, it's not going to be fair to say to a new general manager, "You're pretty good but you're not our last general manager so we're going to start you out at \$65,000" when all of these other people in the organization are making more than that. He applauded their efforts and he agrees with what's been said about the challenges they've taken us through. They have put us on a very solid ground. He's very impressed with the way they have handled the issues that we had.

Randy likes that idea of having the scales. That's one thing that made him hesitate. These two serve at the will of the board. He didn't know how that's defined because he didn't think we could put a scale on these positions.

Byron said that there could be a scale for the general manager and the assistant general manager, and they could have an evaluation by the board every year like hourly employees if the board wants to. The board could move their salary up or down, and also give them benefits or take them away if they're not performing like they should.

Chairman Staton reminded the board that they haven't been evaluating these two employees. We've failed to do that and had them stay on that wage for quite a while. To him that where the scale comes in with the evaluation. If we don't see the performance or we don't see that there are things happening the way we think they should, then that scales topped out. In this particular instance the idea is that we can see all the positives for him anyway. The positives out way the negatives for him. He thinks we can control that scale right here as a board and through the evaluation process.

Lindsey likes having that scale even though one board can't bind another and that's just the way it is. He thinks when there's a new board member it's would be nice to have that guidance. He thinks establishing some sideboards is a good idea.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve a pay increase for the for the assistant general manager to \$95,000 per year.

5) Evaluation and Possible Approval of a Pay Increase for the General Manager to \$115,000 per year (For Possible Action)

Chairman Staton said that we would be here all night if we tried to list all of the situations we've been in that Joe has bailed us out of and quite honestly he probably made the board look better than they are. He has really grown and has taken the position seriously. He loves this valley, he loves this job, he loves the people and that shows. Chairman Staton will always appreciate Joe Davis for the work he has done. He's come a long way in this position.

Lindsey said ditto to Chairman Staton's comments on the last agenda item, but he wants to expand on that as he thinks it's key that this board established that by getting rid of the previous manager and hiring Joe. There's a huge value in hiring someone that's rooted in the community.

Jon said that the board can call and talk to Joe or Lon anytime they need to, and they get their questions answered. The board comes to the meeting and to him that's an ongoing evaluation. It's day to day and he never has never had a problem. Joe takes time to meet with him on the weekend and he really appreciates that.

Byron said that he has been with the district for over 20 years and seen different managers, seeing him as the ham that he was before, not negatively, he has far exceeded Byron's expectations. He's a fantastic manager and easy to work with as an attorney. He spends a lot of time outside of his work hours worrying about the district and its employees. He is definitely an asset to this district.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve a pay increase for the for the general manager to \$115,000 per year.

6) Review and Consider the Adoption of the MVWD Business Impact Statement (For Possible Action)

Joe reminded the board that at the December board meeting, the board reviewed the Business Impact Statement. We did not have any feedback. It will not have an economic burden on any businesses or prohibit another business being created in the district. This is basically the same memo we had at the December meeting which broke down the five items that were talked about. The items were:

1- The Monthly Service Connection Base Rate for commercial and residential connections would increase by 7.585%

2- The creation of a 1" residential service connection base rate of \$47.99

3- Decreasing the current ¾" commercial service connection base rate of \$46.82 to \$40.00 and current 1" commercial service connection base rate of \$56.17 to \$47.99

4- The elimination of the current commercial and residential water volume tier charges

5- The implementation of the proposed commercial and residential water volume tier charges consisting of 3 tiers. Up to 6,000 gallons, Next 12,000 gallons and over 18,000 gallons

Joe asked if the directors had any questions. There were no questions.

On motion of Ryan Wheeler and seconded by Jon Blackwell, the Moapa Valley Water District Board of Directors have determined that the approval of the base rate increase and water volume tier charges does not impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business and moves to approve the increases in service connection monthly base rates and water volume tier charges as outlined in the Business Impact Statement above. The motion passed 5-0.

7) **Ratification of invoices #S1122680.004, #S1122680.001, and #S1122680.002 for a total amount of \$29,045.50 to Badger Meter for the purchase of one-hundred 5/8"-3/4" water meters, 3 hydrant meters, and 15 endpoint covers (For Possible Action)**

We also talked about this at last month's board meeting. Lon Dalley reminded the directors that we had to purchase a 100 5/8" – 3/4" meters just to get going. We ran out because the Master Meters are dying at a high rate. Once again, we have 58 left from what we've installed, and we have more that we have to replace. We just read last week so there will have to be another item on next month's agenda to purchase more meters. We're hoping to get a grant to help cover 50% of the cost. Lon listed all three of the invoices in the motion so it will be easy to track. One invoice is for meters, one for hydrant meters and one for endpoints covers.

On motion of Randy Tobler and seconded by Ryan Wheeler, the Board voted 5-0 in favor to approve the ratification of the invoice #'s listed above for Badger meters for a total amount of \$29,045.50.

8) **Manager's Reports**
Office Manager
Assistant General Manager
General Manager

Office Manager – Jeannie Poynor had the financial dashboard, the budget report and the revenues put in their board packets. She's trying to make the lines bolder. Last year we came in a little under on revenues. We're not sure where we're going to come in at this fiscal year. The most recent one is thru November and we're at about 42% of the year and at 53% on revenues. We're in the cold months now so revenues will be down. Expenses look really good. Obviously the 32% doesn't include our depreciation. The year is already halfway thru. There's been a lot of stuff going on in the office.

Assistant General Manager- 1) Production - Lon Dalley explained that production is down a lot. That's probably because it was a wet December. It actually started the end of November. In December we pumped 42,500,000 gallons. This was an estimated total, but it was really close to the actual total. **2) Arrow Canyon Well #1 Well Level** – There's no change in the well level. **3) Meter Installs** – No meters were installed in November and there were two meter installs in December. Total meters installed in 2019 was 29. Six meters sold & 22 banked 5/8" meters and one 1" banked meter. **4) Sanitary Survey** – The district had a Sanitary Survey this past month. We have them every three years. The SNHD comes out and inspect our system. The State does everything outside of Clark County. They have the health district do the ones in Clark County. Things went really smooth. Kiley and Lon both went out with Nate from the health district for the sanitary survey. It rained all day, but the inspector went to every sight and got out to check things. There were a few very minor things that needed to be fixed. One was a screen that was partially blown out at one site and an expired eye wash at another site. Other than that, the system was found to be sound. **5) Yamashita Bridge Project** – We did a couple of crossings there just to get across the road during Christmas break. Now we're going to start running the main line. That will start in the next few weeks. **6) Arrow Canyon Basin** – This was one of our Capital Improvement projects. We took the infiltration basin and converted it to an evaporation basin, and we concreted it. That's probably 99% completed. We just have to fill it up, and make sure that it doesn't leak.

7) Leaks – We had a really bad day on December 17th. We had four leaks in 2-3 hours. Two of them were major leaks. The 14" line on the Blvd had a jumper in it that went over to the old line so that was good, but it did lift the asphalt for about 60'. All of the PRV's opened up in the process of isolating the leak. It blew out the highway again. Luckily it was a 1" line that had popped out, so it was undermining underneath the road. We were able to get it isolated and repaired and then packed it under the highway. There's going to be a huge asphalt bill. MVIC helped our guys setup some barricades and road blocks. We had a bunch of guys in training that day, so we were shorthanded. When we get the Yamashita & Gubler projects done, it will really help keep people in water. Joe commended Scott Millington. He sent two of his guys over to bring their water barricades and helped getting them lined up while the other individuals were locating the leak because we had guys in Vegas for training. We also had guys working in Moapa. Joe had a shovel and was going to start digging if he needed to when the two MVIC guys came over and took the shovel away from him and started digging. We have a great working relationship with MVIC. It was a big help to us. We need to get light towers because it's a dangerous situation. It's putting our guys in danger. Joe's going to talk to Metro to see what we can do to better protect our employees.

General Manager – 1) Bureau of Reclamation - Joe & Lon have spoken with the Bureau of Reclamation about possibly getting some grant money. Joe has a meeting setup with them next week and Kevin Brown is going to ride over with them to Boulder City to see what options are out there. You can get a grant that's a 50% match that we could use to replace our meters. In a three - year period, we could get up to \$1.5M. One of the things Joe read was that there is an opportunity to retro back to July 1, 2019. On the 15th they'll have a little more information on this. It doesn't really define what they'll pay for. It has to do with water conservation

so maybe we can use it to replace some of our lines. Joe's been researching it. Hopefully he'll have some of his questions answered at the meeting next Wednesday. **2) Meadow Valley Wash** – The majority of it has been done. We have two tie ins to do and a ton of rift raft that we've dumped in there. It's not going to go anywhere. They're working on the tie ins so the next side where the valve is there's going to be a small outage on Monday or Tuesday and then the other side will be tied in so we can chlorinate it. It would have been done sooner but we couldn't get the equipment down in there because of the rain. We just need to clean it out and then they can come and do the inspection. **3) Payment in Lieu Rights** - The District's Water Dedication Ordinance requires developers to dedicate potable water resources for their developments. In support of that document the creation of the *Payment in lieu of Water Rights Dedication Implementation Policy* was created to offer an avenue for developers to pay a fee for excess water resource in the District's portfolio. When the majority of you guys came on the board, the cost was \$8500. It started out at \$10,500. That cost was based on the going MVIC shares price. We actually dropped the price down to \$2500 at one time. The District's current valuation of \$3,150 afa for *Payment in lieu of Water Rights* was based on a formula derived from drilling costs for the Arrow Canyon well. The District is using an outdated formula that looks at past water costs instead of future costs of water resources. Staff recommends a price range between \$6,500 and \$8,500 to keep pace with the current market valuation. It could even go higher depending on what happens with the White River Flow System. He asked the board to put some thought into this because we do need to address it. As things shake out, Joe is going to be bringing this up, so it stays fresh in our mines. Joe asked that this be put on next month's agenda. **4) Premium Financing** – Representatives of Zions Bank thinks there are some significant statutory concerns about premium financing. We were advised to consult directly with bond counsel on the NRS restrictions on the legal structuring of the loan, collateral security, and investment selections. Here is their synopsis:

1. You are prohibited from signing a bank loan (i.e., incurring a long term obligation) to finance future premiums; i.e., financing insurance premiums is not an allowed debt.
2. You might be prohibited from the long-term premium obligation unless it was made subject to annual appropriation.
3. And indexed investment like the S&P 500 does not meet the NRS investment limitations for local governments (NRS 355.170)

Joe asked if this was something that we want to do. If so, we need to understand the steps we're going to have to take.

Randy doesn't think we can do it anyway because of what #3 says.

Joe also told the board that he really appreciates the level of effort that the board took today to understand the dynamics of everything that goes on. He thanked the board for that.

9) Public Comment (May be limited to five minutes)

Wade Poulsen had a few comments to make. He just wanted to give support to Lon and Joe on their increases. He worked with Joe and Lon for years. He goes all over the State of Nevada and goes to a lot of meetings. You guys have some great guys here. They represent you well thru the whole state of Nevada and in all different facets of water and all the different things that come at us from water. He just wanted to show support for them and their increases. They do a great job here and from his perspective they definitely deserve it.

10) Director's Preference

- **Litigation**
- **Other Related Water Rights Issued**

Randy Tobler disclosed that he has an interest in a small business that is on the monthly expenditures list.

Randy also asked what the Bureau of Safe Water is. Joe explained that they give us our permits to exist.

Joe forgot that he had another thing to talk about. He had a question for Byron.

We bought propriety equipment and there are now other individuals that offer media to go into the treatment facility. We know the life expectancy of the media that we are currently using. Can we still use the media from Severn Trent without going out for public bid?

Byron said that the statute requires that we're supposed to go out for public bid to make purchases like this. There is an exception to the statute that allows some avoidance of bidding. He contacted the NV Purchasing

Department and they first said yes but there's a process to do that like forms and applications. She had no idea how to do it so she said she would reach out to her supervisor. Our responsibility is to take the best bid. We don't want to get in trouble with the State and we don't really know how these other company's product works. The person Byron spoke to said that we definitely meet that exception so it will be fine. She works in the purchasing department so it should be fine.

11) Personnel

12) Approval of the February 13, 2020 Board Meeting

The General Consent was to have the next board meeting on **February 6**, 2020.

13) Public Comment (May be limited to five minutes)

None

14) Adjournment

The meeting adjourned at 5:33 pm.